

STATE OF WISCONSIN
Assembly Journal
Ninety-First Regular Session

WEDNESDAY, August 10, 1994

The chief clerk makes the following entries under the above date:

ADMINISTRATIVE RULES

Read and referred:

Assembly Clearinghouse Rule 94-57

Relating to programs for children at risk.
Submitted by Department of Public Instruction.
To committee on Education.
Referred on August 8, 1994.

Assembly Clearinghouse Rule 94-77

Relating to an order of selection to receive vocational rehabilitation services.
Submitted by Department of Health and Social Services.
To committee on Health.
Referred on August 8, 1994.

Assembly Clearinghouse Rule 94-109

Relating to construction site erosion control and storm water management procedures.
Submitted by Department of Transportation.
To committee on Environmental Resources.
Referred on August 8, 1994.

Assembly Clearinghouse Rule 94-119

Relating to the community development block grant portion of the Wisconsin development fund.
Submitted by Department of Development.
To committee on Small Business and Economic Development.
Referred on August 8, 1994.

COMMUNICATIONS

State of Wisconsin
Revisor of Statutes Bureau
Madison

August 1, 1994

Honorable Donald J. Schneider
Honorable Thomas T. Melvin

Dear Sirs:

The following rules have been published:

Clearinghouse Rule 93-196 effective 8-1-94
Clearinghouse Rule 93-202 effective 8-1-94
Clearinghouse Rule 93-206 effective 8-1-94
Clearinghouse Rule 93-207 effective 8-1-94
Clearinghouse Rule 93-215 effective 8-1-94

Clearinghouse Rule 93-224 effective 8-1-94
Clearinghouse Rule 93-225 effective 8-1-94
Clearinghouse Rule 93-238 effective 8-1-94
Clearinghouse Rule 94-4 effective 8-1-94
Clearinghouse Rule 94-16 effective 8-1-94
Clearinghouse Rule 94-27 effective 8-1-94
Clearinghouse Rule 94-28 effective 8-1-94
Clearinghouse Rule 94-34 effective 8-1-94
Clearinghouse Rule 94-53 effective 8-1-94
Clearinghouse Rule 94-60 effective 8-1-94

Sincerely,
GARY L. POULSON
Deputy Revisor

REFERRAL OF AGENCY REPORTS

State of Wisconsin
Department of Corrections
Madison

August 1, 1994

RE: Claims under section 227.485 and 814.245,
Wisconsin Statutes

To the Honorable the Legislature:

The Department of Corrections has three Claims under the above to report for the fiscal year ending June 30, 1994 (see attached). Our legal counsel personnel have reviewed settlements during FY 94 and have determined that \$83.78 apply to sections 227.485 and 814.245 of the Wisconsin Statutes.

Sincerely,
MICHAEL J. SULLIVAN
Secretary

Referred to committee on Elections, Constitutional Law and Corrections.

COMMUNICATIONS

State of Wisconsin
Commissioner of Insurance
Madison

August 1, 1994

To the Honorable the Assembly:

The Small Employer Insurance Board (Board) is required by statute to submit an annual report to the legislature. The Board submitted its first report to the legislature in March 1993. This report covered the

activities of the Board from its appointment in August 1992 through the development of subchapter IV of ch. Ins 8, Wis. Adm. Code, in March 1993. The final rule became effective on July 1, 1993. A copy of this rule is attached as Appendix 1.

The purpose of this letter is to provide the legislature with information relating to the initial approval and early experience with the basic health benefit plan for small employers. A more complete report will be submitted to the legislature in March 1995. By that time there will be considerably more experience to report regarding the marketing and sale of the basic health benefit plan.

The law requires that any insurer wishing to market to small employers in Wisconsin have a basic health benefit plan approved by the Office of the Commissioner of Insurance (OCI). Insurers are required to offer the basic health benefit plan on a "guaranteed issue" basis to any small employer who wishes to buy it.

The rule required insurers to submit plans to OCI for approval prior to October 1, 1993. Insurers whose plans were not approved by December 1, 1993, were prohibited from marketing any health insurance plan to small employers. Most companies began marketing these policies on January 1, 1994.

There are now 63 basic health benefit plans approved for sale. A list of the companies with approved plans is attached as Appendix 2. It is unlikely that a significant number of additional insurers will submit plans for approval.

Quarterly, insurers are required to submit market share reports to OCI listing the number of policies issued during the quarter and the number of policies in force at the end of the quarter for all small employer plans and basic health benefit plans. The report also asks insurers to report on the number of small employers who applied for coverage, the number who were rejected and the number who were quoted rates for standard coverage that were 15% or more than the new business rate.

The Board met on May 18, 1994. The agenda for the meeting and minutes from the meeting are attached as Appendix 3.

Discussion at the meeting focused on the marketing and sale of the basic health benefit plan. As the minutes show, the Board heard from an insurer active in the small group market, an independent agent and a representative of the small business community. Board members

expressed some disappointment over the small number of policies that had been sold. Both the insurer and the agent pointed out that it takes time for any new insurance product to be accepted in the marketplace. They also said that there were other factors in the health insurance market that might make the basic health benefit plan less attractive than was originally anticipated, including other new low-cost products on the market and a significant slowing down of rate increases for group health insurance. The small business representative indicated that the basic health benefit plan filled an important market niche for small employers who want to buy low-cost health insurance.

OCI presented a preliminary report on a survey regarding the rates insurers are charging for the basic health benefit plan. The report showed that for healthy groups the basic health benefit plan tended to be between 25% and 35% less expensive than a standard plan. The rule requires insurers to surcharge smokers. The most common surcharge for smokers is between 10% and 20%.

The survey suggested that the rates of a few companies were not in compliance with the administrative rule. OCI is currently investigating these companies and will actively pursue any appropriate administrative action.

A related administrative rule, subchapter III, of ch. 8, Wis. Adm. Code, entitled Small Employer Health Insurance, went into effect on February 1, 1994. This rule regulates the marketing of all health insurance policies sold to small employers. It requires insurers to "actively market" the basic health benefit plan to all small employers.

To help small employers and their employees understand the rules relating to health insurance for small businesses, OCI has published the enclosed brochure entitled "Health Insurance for Small Employers and Their Employees." This is attached as Appendix 4.

The next meeting of the Board will be held in October 1994. A current list of Board members is attached as Appendix 5.

Please contact me or any member of the Board if you would like additional information about the basic health benefit plan or about the activities of the Small Employer Insurance Board.

Best regards,
JOSEPHINE W. MUSSER
Small Employer Insurance Board
Insurance Commissioner